

***Colonial achieves 87% of Axiare at the end
of the takeover bid acceptance period***

**Colonial successfully completes the takeover bid on
Axiare and creates a new European giant**

- Successful result of the Axiare takeover bid: Colonial reaches 87% of its capital
- The transaction creates a European giant with assets valued at more than €10 billion.
- Colonial consolidates its leadership in Spain and becomes the reference in the European prime office market.
- The strong support from capital markets reflected in a 17% increase of Colonial's share price since the announcement of the takeover bid.

Madrid, 2 February 2018

The takeover bid that Colonial launched on Axiare in November 2017 was successfully completed by the REIT led by Pere Viñolas. Colonial ensures its control of Axiare with an 87% stake and creates a European office giant with exposure in Madrid, Barcelona and Paris.

According to Pere Viñolas, Colonial's CEO, "the objective set with this transaction was successfully completed, and it strengthens Colonial's growth strategy for the coming years offering an attractive shareholders value creation potential based on the combination of both companies".

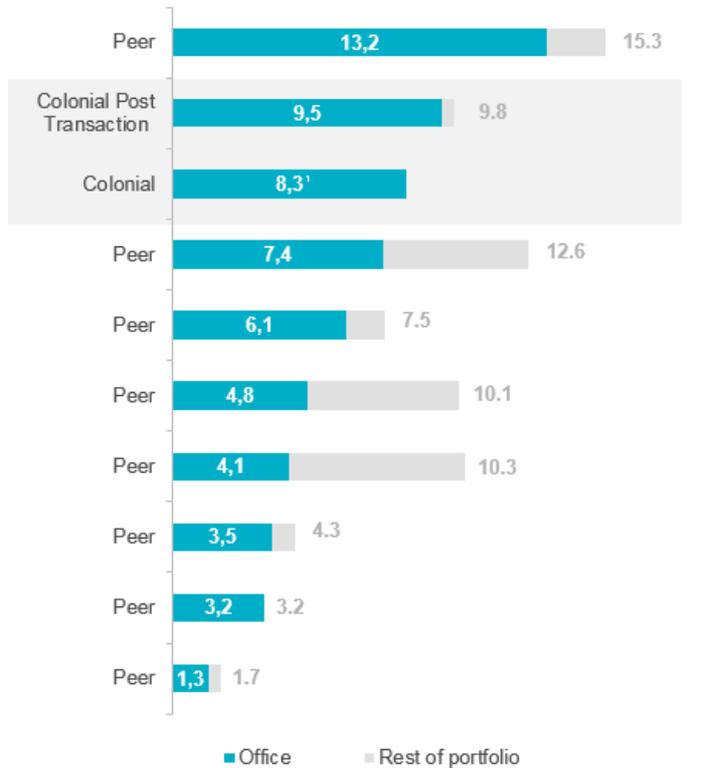
A new office giant in Europe

The Axiare assets, which will become part of Colonial's perimeter and valued at €1,710 million, transform the Spanish Group into the new European office giant, with more than €10,000 million euros of asset value. The Company enhances its leadership in continental offices incorporating 1.7 million sq m of GLA in operation and adding 330,000 sq m under development.

With control of Axiare, Colonial consolidates its positioning as a leading European platform of prime offices in Paris, Madrid and Barcelona. The Axiare portfolio, with 74% of offices and 77% of the portfolio located in Madrid, offers a clear strategic complementarity in terms of location and characteristics of Colonial's asset portfolio, and reinforces the Colonial's bet on office market in Madrid.

In addition, the exposure to Spain will represent 44% of the total portfolio. The combined company portfolio will have 57% of its value located in Paris, while the offices portfolio in Madrid and the asset portfolio in Barcelona represent 29% and 10%, respectively.

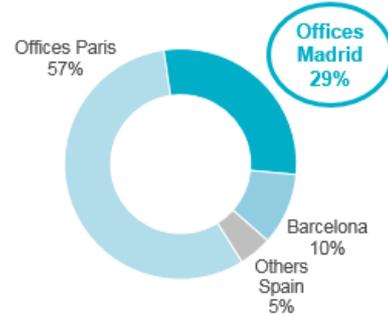
CONSOLIDATION OF OFFICE LEADERSHIP IN EUROPE



¹ GAV 6/17 adjusted by the IN/OUT disposal & Arturo Soria acquisition at purchase price (includes 15.5% Axiare Stake)
Not included Alpha III and revaluations December

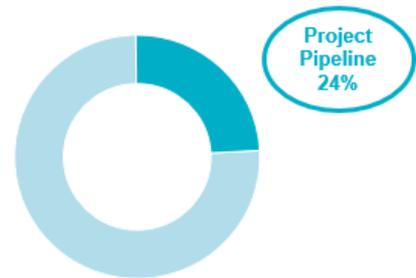
GAV PRO-FORMA

GAV as of 6/17 appraisals



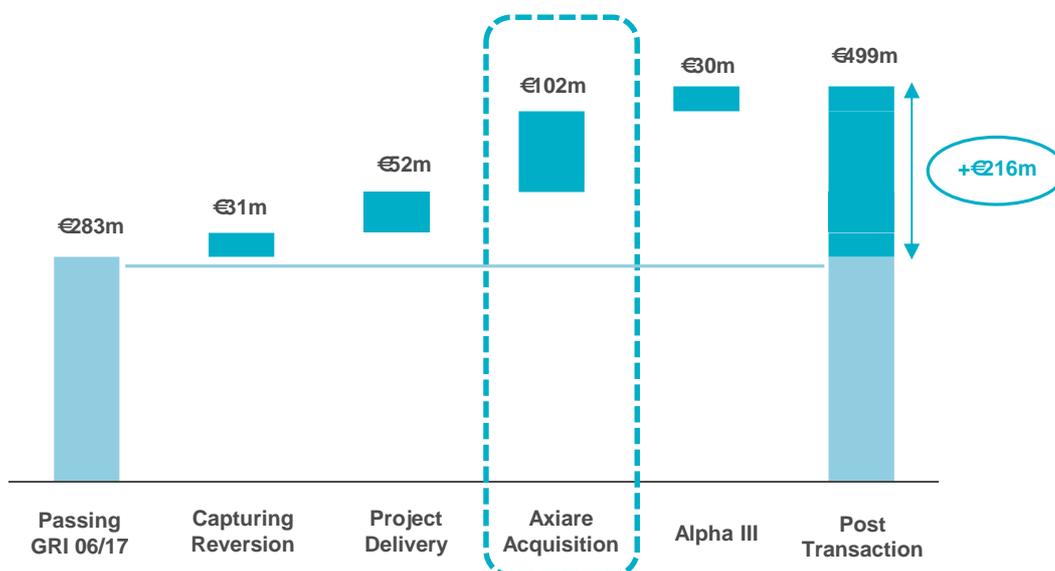
ATTRACTIVE VALUE ADD EXPOSURE

GLA Offices (sq m)



The potential Gross Rental Income of the resulting Group, including the development of all the projects, will be around €500 million annually.

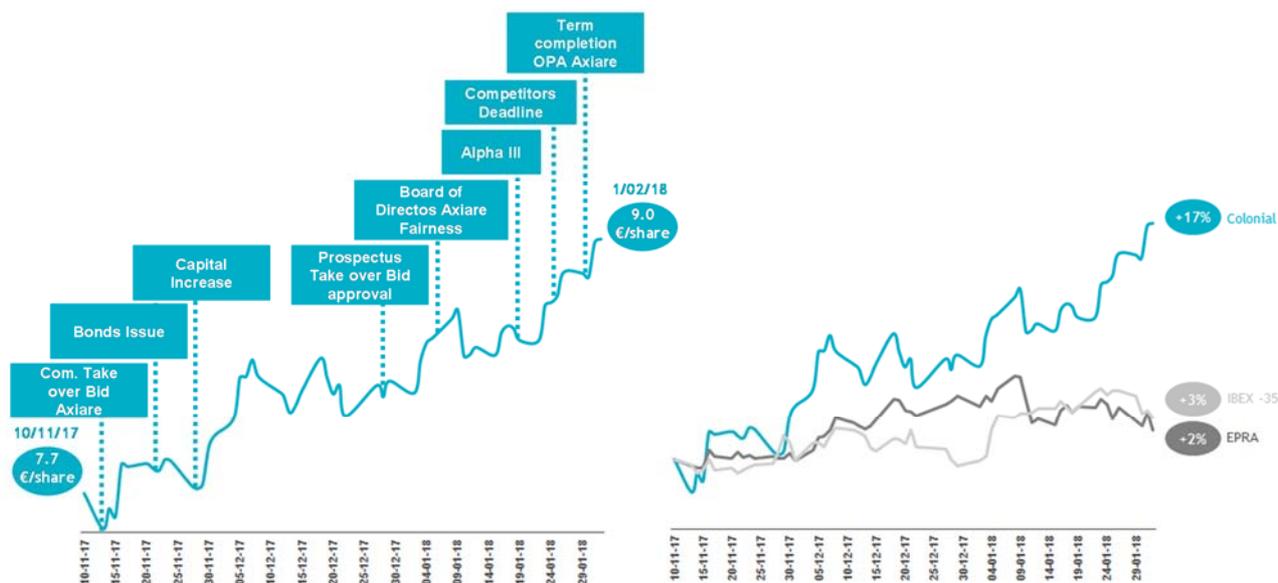
TOPPED-UP GRI as of 06/2017



Full support from the capital markets

Capital market has welcomed the transaction. Colonial's valuation on the stock market has increased 17% since the announcement of the transaction, substantially outperforming the IBEX as well as the EPRA index, the reference index of European real estate companies.

SHARE PRICE PERFORMANCE 2018 YTD



This strong support has started underpinned by the successful issuance and capital increase to fund the transaction.

The main figures of the resulting Group will be the following:

KPI	Colonial pre-deal	Axiare	Colonial post-deal
Total GLA above ground (sqm)	852,019 ¹	295,889 ⁶	1,147,908 ⁶
Project pipeline (sqm)	139,072 ¹	58,410 ⁶	197,482 ⁶
GAV (€m) – 6/17	8,253 ²	1,710	9,794
Topped-Up GRI (€m)	285 ³	65	350
Potential Topped-Up GRI (€m)	369 ³	102	470
EPRA Vacancy – Office Portfolio 6/17	3.9%	14.3%	5.6%
FFO 6/17 annualized (€m)	74	27	101
LTV	33% ⁴	29%	~ 40% ⁵
Rating	BBB/Baa2	No rating	BBB/Baa2

Note: This figures do not include: (i) Colonial's Alpha III investments and (ii) Portfolio valuation as of Dec-17

¹ Colonial GLA as of 9/2017

² Colonial based on 6/17 appraisal adjusted by IN/OUT disposal and acquisition of Arturo Soria (includes value of 15.5% Axiare stake)

³ Colonial data based on 6/17 data adjusted by IN/OUT disposal and acquisition of Arturo Soria

⁴ LTV as of 9/17 based on 6/17 appraisal values

⁵ Pro-forma LTV considering €450m of equity and asset disposals, without considering potential value growth on year end appraisals

⁶ For Axiare only including office GLA above ground

About Colonial

The Colonial Group is a SOCIMI specialized in prime offices, and which is listed on the Spanish stock exchange's benchmark index, the IBEX 35. It is present in the main business areas of Barcelona, Madrid and Paris with a property portfolio of more than one million square meters, and assets under management of more than €8,600 million.



IBEX₃₅



For more information: Román y Asociados 93 4142340

Xavier Ribó - x.ribo@romanyasociados.es +34 669 486 003

Víctor Palacio – v.palacio@romanyasociados.es +34 677 782 370

María Martínez –maria.martínez@romanyasociados.es



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